



**DISTRESSED AREA APPLICATION
FOR SALES AND USE TAX DEFERRAL
82.60 RCW**

Name, Address, and Phone Number of Business

Telephone No. ()

Name, Address, and Phone Number of Contact Person

(All correspondence will be directed to this person)

Telephone No. ()

Department of Revenue Tax Reporting Number

- -

Check One:

Business is New ☐

Business is Expanding ☐

Location of Investment Project

Check One:

Rural County ☐

Community Empowerment Zone ☐

County _____

Address _____
Street Address

City, State and Zip Code

General Instructions

Filing: This application must be mailed or faxed to the Washington State Department of Revenue prior to initiation of construction and/or taking possession of machinery and equipment within Washington State. "Initiation of Construction" is defined for purposes of this deferral program as the date on which excavation of the footprint or other similar work is started.

Eligible Areas: Eligible areas include: (1) rural counties with fewer than one hundred persons per square mile and (2) designated community empowerment-zones or counties containing such a community empowerment zone. **Note: The list of eligible areas is revised annually effective July 1 through June 30.** Businesses making investment decisions should be aware that a specific area may not be on the list every year. For a current county listing please contact the Department of Revenue.

Eligible Investment Projects: Manufacturing or research and development businesses may apply for the deferral if: (1) they are locating in one of the eligible counties or areas, and (2) they will be performing manufacturing or research and development at the site for which the deferral is requested.

Qualified Activity includes manufacturing and research and development. Manufacturing includes computer programming, and activities performed by R&D and commercial testing laboratories.

Qualified Building includes structures and expansion and renovation of existing structures. This includes materials and labor and services (including labor and services rendered in the planning and installation).

Qualified Machinery and Equipment includes machinery and equipment that are an integral and necessary part of the manufacturing or research and development operations.

Employment Requirements: Businesses that locate in a designated community empowerment zone or a county containing such a community empowerment zone must meet additional employment requirements in order to qualify for the deferral.

Use Requirements: All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified operationally complete plus seven additional years.

Waiver of Taxes: If all program requirements have been met, the deferred sales/use tax is waived by the Department of Revenue.

Mail or Fax To: Department of Revenue
Special Programs Division
PO Box 448
Olympia, WA 98507-0448
FAX: (360) 586-2163

Business Activity to be Conducted at this Facility

If additional space is needed to answer questions 1 and 2, please attach additional pages.

1. Describe the nature of your manufacturing activity at this facility. _____

2. Describe the nature of your research and development activities at this facility, if applicable. _____

	<u>Yes</u>	<u>No</u>
3. Are you currently paying manufacturing or processor for hire business & occupation tax on the above described activity?	<input type="checkbox"/>	<input type="checkbox"/>

4. If the answer to question 3 is "No", is this a new manufacturing activity for your business?	<input type="checkbox"/>	<input type="checkbox"/>
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Estimated Investment Project Costs

Please include only those costs that will be paid for by the applicant.

5. Structure:

Date construction/expansion to start _____

Construction of new structure(s) \$ _____

Leasehold improvements paid for by applicant \$ _____

Expansion or renovation to expand floor space or production capacity \$ _____

Total Structure Costs \$ _____

6. Machinery & Equipment:

Date equipment is to be installed _____

Purchase Price \$ _____

Lease Contract Price \$ _____

Fair market value of previously owned machinery and equipment that is new to the State of Washington \$ _____

Total Machinery & Equipment Costs \$ _____

7. Total Costs \$ _____

8. Estimated completion date _____

Apportionment of Structure

If the facility is used partly for manufacturing and partly for other purposes, the applicable tax deferral shall be determined by apportioning the costs of construction.

9. Percentage of facility devoted to:

Accounting/Payroll _____ %

Administration _____ %

Cafeteria _____ %

Common Areas _____ %

Conference & Training Rooms _____ %

Customer Service _____ %

Manufacturing _____ %

Plant offices used by direct line supervisors or other managers who oversee the manufacturing process _____ %

Reception Area _____ %

Research & Development _____ %

Sales & Marketing _____ %

Warehouse _____ %

Other (please describe) _____ %

Total 100 %

10. Percentage of cogeneration energy produced and devoted to internal use if applicable: _____

Manufacturing _____ %

Research & Development _____ %

Other (please describe) _____ %

Total 100 %

Lessee/Lessor Information

	<u>Yes</u>	<u>No</u>
11. Will the facility housing the operation be leased by the applicant?	<input type="checkbox"/>	<input type="checkbox"/>

12. Name of Lessor: _____

13. Do the lessee and lessor have 100% same ownership?
If yes, please provide documentation to substantiate the relationship. ☐ ☐

14. If the answer to question 12 is "No", has the lessor agreed by written contract to pass the economic benefit of the deferral on to the lessee in the form of reduced rents? ☐ ☐

(Please attach a completed Lessor's Application and a copy of the lease agreement reflecting the reduction in rents, that passes on the benefit.)

Employment Information

15. Average Number of Full Time Equivalents (FTEs) for Previous Calendar Year.

(1820 annualized hours worked = 1 FTE):

Entire Business: _____

At This Facility: _____

16. Estimated Number of New FTEs as a result of this project: _____

If your investment project is located in a rural county, please skip question 17.

17. If your investment project is located in a community empowerment zone (CEZ) or a county containing a CEZ, you must hire at least one qualified employment position for each \$750,000 of investment on which a deferral is approved. The persons must be hired after the date the application is filed with the department. Each qualified employment position must be filled by persons who at the time of hire are residents of the CEZ. If, by the end of the second calendar year following the year in which the project is certified as operationally complete, you have not hired and retained for twelve calendar months the required number of qualified employment positions, all deferred taxes are immediately due.

Estimated number of qualified full-time positions that will be filled by residents of the CEZ: _____

Name of CEZ: _____

Use of Facility

All businesses must maintain a qualified activity at the site of the investment project for the year in which the investment project is certified as operationally complete, plus seven additional years.

Yes No

18. Do you plan to operate this investment project in a qualified manner for 8 years from the time the project is complete? ☐ ☐

19. If the answer to question 18 is "No", how long do you plan to operate this investment project with qualified use? _____

If the manufacturing or research and development activity is not maintained, all or a portion of the deferred taxes outstanding for this investment will be immediately due. The department will assess interest at the rate provided for delinquent excise taxes, but not penalties, retroactively to the date of the deferral.

Audit Records Location

If your application is approved, a deferral certificate will be issued using the estimates from your application. Upon completion of the project, an auditor will verify that you are performing qualified activities at this facility. They will also verify that the approved percentage of your structure and 100% of the machinery and equipment are eligible for the deferral. The auditor may adjust the allowable deferral based on his or her findings.

To minimize inconvenience and the time it takes to complete an audit, please have the following records for the audit period available for your meeting with the auditor:

- Purchase invoices (i.e., accounts payable, receipts)
- Supporting documentation for the construction, such as construction contracts
- Original Sales and Use Tax Deferral Certificate

Although most audits can be completed with the above records, additional documents may be required during the audit.

Please complete the following information about the contact person and audit records location if this information is currently available:

20. Contact person: _____

21. Phone number of contact person: _____

22. Location of audit records

Applicant's Signature

Date

Title